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DATE PREPARED:
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April 04, 2012
471-0050

LB 928

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to reflect the adoption of AM2667.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

Hunting Permits for Mountain Lions

LB 928 gives the Game and Parks Commission the authority to issue permits for hunting mountain lions. The resident permit has a \$25 non-refundable application fee and no other fee will be charged in addition to this application fee. One resident/non-resident permit is allowed to be sold through an auction process. Any money raised from the auction may only be used for the perpetuation and management of mountain lions.

The Game and Parks Commission has indicated that insufficient information currently exists to determine whether the mountain lion population is sufficient to allow hunting. To gather the needed information they plan to annually survey the population through the use of trail cameras and scent stations. Costs related to this data gathering are estimated at \$9,646 CF in FY12-13 and \$6,427 CF in FY13-14 and thereafter, and include the purchase of camera equipment as well as seasonal employee wages.

The revenue that may be generated from the application fee and auction are speculative since it is not currently known when or whether a mountain lion season will be established due to the above mentioned lack of data. The Commission has estimated potential revenue of \$27,000 if a season is established, broken down into \$25,000 from application fees and \$2,000 from an auction.

The Commission should be able to absorb any related costs without an increase in their cash fund appropriation given the relatively small cost compared to the cash fund appropriation in the applicable budget program (\$20,276,763 in FY12-13), and the fact that unused cash fund authority from FY11-12 will carry forward into FY12-13.

Hunters Helping the Hungry Deer Donation Program

The adoption of AM 2667 (essentially LB 1163) establishes a deer donation program to be administered by the Game and Parks Commission. Under this program, deer hunters may use the deer permit application process to donate money to the newly created Hunters Helping the Hungry Cash Fund. The Commission is to develop a contractual relationship with meat processors to process the donated deer and will pay for their services with funds placed in the Hunters Helping the Hungry Cash Fund. Program costs are limited to the amount of money contained in the fund.

Revenue Impact

The Commission has indicated that the amount of donation revenue is hard to predict, but they give the following example for illustrative purposes. Assuming the average donation is \$1, and 75% of deer hunters choose to participate, about \$105,000 would be generated to fund the donation program. The Commission may design the form so that donations of \$1, \$5, \$10 etc. may be designated so it is possible that more than \$105,000 may be generated. In addition to the amount that hunters donate via the deer application form, it is likely that outside donations will be received to fund the initial start-up costs. If these outside donations do not materialize it is expected that full implementation of the program will be delayed until sufficient donation revenue is received.

Expenditure Impact

Administration - The Game and Parks Commission has estimated administration costs to be as follows (does not include deer processing costs):

	<u>FY11-12</u>	<u>FY12-13</u>	<u>FY13-14</u>
.5 - Administrative Asst. to administer program	\$2,055	\$24,654	\$24,654
Office equipment for the new position (one time cost)	3,700	--	--
Office supplies	150	300	300
Promotional material and forms	--	8,000	3,000
Permit system programming (one time cost)	8,000	--	--
<i>Total administrative costs</i>	\$13,905	\$32,954	\$27,954

Deer processing costs - Based on the administrative costs outlined by the Commission, and their illustrative revenue estimate of \$105,000, there would be \$72,046 in FY12-13 and \$77,046 in FY13-14 available to pay meat processors for their services. Assuming a per-deer processing cost of \$75 (estimate provided by the Commission) the number of deer that could be donated equals 960 in FY12-13 and 1,027 in FY13-14.

If donation revenue deposited into the fund exceeds \$105,000 then additional deer can be processed and donated. The Commission's fiscal note indicates potential expenditures of \$262,500 for the processing of 3,500 deer once the program is established. Whether deer donations can reach this level will depend on the amount of donation revenue generated since the cost of the program is limited to the amount of revenue deposited into the Hunters Helping the Hungry Cash Fund. Given that the amount of donations from hunters and outside sources is unknown at this point in time, the A-bill is drafted to provide sufficient cash fund appropriation authority from the Hunters Helping the Hungry Cash Fund to allow for up to 3,500 deer to be processed and donated annually.

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LEGISLATIVE FISCAL

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State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ March 27, 2012 Phone: ⁽⁵⁾ (402)471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>*FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	**			
CASH FUNDS	304,920	See below	296,881	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>304,920</u>		<u>296,881</u>	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate: *NOTE SOME EXPENSES WOULD BE INCURRED IN FY11-12

The proposed legislation would allow the Nebraska Game and Parks Commission (Commission) to issue permits for the hunting of mountain lions and adopt and promulgate rules and regulations for said purpose and would provide for the Commission's administration of a deer donation program.

The permit issuance process would include awarding resident-only permit(s) through a random drawing which would require the establishment of a nonrefundable application fee of not more than twenty-five dollars. No permit fee could be charged in addition to the nonrefundable application fee. No more than one additional permit could be authorized and issued pursuant an open auction open to residents and nonresidents.

Commission action to adopt and promulgate rules and regulations for the issuance of mountain lion hunting permits would be based on sound scientific evidence of mountain population levels and biological life history modeling. While the agency has confirmed evidence of a resident population in the pine ridge area of the state, additional information and scientific modeling is needed to determine and support a harvest program.

A key investigative measure would require the implementation of an annual survey using trail-camera's and scent stations (camera trap survey) to document reproduction. It's estimated that such a survey would cost \$9,646 the first year and \$6,427 the following years. The cost would include initial and replacement costs of camera equipment as well as seasonal employee wages. These expenses would need to be incurred in the first

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Conservation Technician (Temporary)			4,316	4,316
Administrative Assist II	0.5	0.5	16,654	16,654
Benefits.....			8,330	8,330
Operating.....			270,800	265,800
Travel.....				
Capital outlay.....			5,000	1,781
Aid.....				
Capital improvements.....				

TOTAL.....

304,920

296,881

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year, prior to a proposed hunting season to determine if a season is warranted and what harvest level could be established. Ongoing surveys would be implemented to determine what, if any harvest level, could be sustained on an annual basis..

For purposes of this note, it will be assumed that the camera trap survey would begin in the first year and continue into the second. These would be the major new expenditure needs during the period covered by this fiscal note. Should an opportunity for the issuance of a permit or permits be determined, the process for issuance is not anticipated to create additional costs beyond the current permit processes employed for other species. Current employed survey methods would continue to supplement monitoring and documenting mountain lion populations and activity in the state.

Expense Category	Year 1	Year 2
Temp Conservation Tech	\$ 4,316	\$ 4,316
(benefits OASDI)	\$ 330	\$ 330
Equipment (cameras)	\$ 5,000	\$ 1,781
Est TOTAL	\$ 9,646	\$ 6,427

While it is currently unknown whether or not any mountain lion permit issuance would be biologically warranted during this fiscal note period, the following estimates are provided as an estimate of potential revenue earnings from such a process when it would occur.

A random drawing process involving twenty-five dollar nonrefundable applications would be expected to generate an estimated 1,000 applications, thus some 25,000 dollars could be collected. A permit sold through an auction would be thought to bring \$2,000. A year in which two permits could be issued, one drawing and one auction, an estimated \$27,000 could be earned.

It should be noted that insufficient information currently exists to determine when or if the first permit(s) could be issued. Additionally, the number issued in any given year, or whether or not any permits could be issued in a given year would be dependent upon harvest and population data from previous years once a harvest program were put in place.

The proposed amendment would establish a deer donation program to be administered by the Commission and encourage hunters to harvest deer to donate to a program to feed residents of Nebraska who are in need. The Commission would need to provide each deer permit applicant an ability to donate an amount in addition to their permit fee(s) to be credited to the Hunters Helping the Hungry Cash Fund (newly created as part of this legislation). The fund is to be used to carry out the deer donation program.

The legislation calls for the Commission to adopt and promulgate rules and regulations establishing standards for participating meat processors related to deer processing and qualifying recipients. It's assumed that this would include how the deer meat is to be processed, i.e. types of products produced; conditions under which the meat is to be processed, and how processors are selected for program participation.

The Commission would be responsible for contracting annually with meat processors that program participants would utilize to drop off donated deer carcasses. The Commission would set a fair market price for the processing cost of deer, which would be paid to participating processors based on an annual per-deer

payment.

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All program costs appear to be limited to the amount of money available in the Hunters Helping the Hungry Cash Fund. The proposed amendment also allows the Commission to contract with other partners and/or to provide grants to other entities for the purposes of implementing or expanding the program.

Expenses associated with the program include the processing fee per-deer; informational and promotional materials to be provided to meat processors; donation forms; programming expenses related to enabling the Commission's electronic permitting system to be able to document and account for deer permit applicants wanting to donate to the program; and administrative costs associated with coordinating the program. The Commission's electronic permitting system is maintained by the state's Office of the Chief Information Officer (OCIO) on a time and materials reimbursement basis. The programming needs are estimated to cost \$8,000.00 and would be incurred during the current FY (11-12).

Based on experiences of other state's with similar programs (e.g. Iowa and South Dakota) and for planning purposes, it is expected that at least one new part-time position would be required to establish and administer the program in Nebraska. The position would necessitate program organization and accounting skills as well as communication skills. An Administrative Assistant II level position will be used for estimating costs (0.5 FTE = \$16,654 annual salary plus \$8,000 in benefits for health/life insurance, retirement, OASDI). In addition to staffing costs, additional expenses would be incurred related to equipment (basic desk, chair, file cabinet, computer, printer, phone...one-time cost of approximately \$3,700), office supplies/expense (phone charges, paper, pens, postage estimated as \$300/annually) plus the initial startup costs, printing and distribution of promotional items and donation forms. Based on the implied implementation timeline, some these costs would be incurred during the current FY (11-12). At least one month's wages/benefits together with the initial equipment needs are reflected in the following table.

Expense Category	FY 11-12	FY 12-13	FY 13-14
Admin Assist II (wages)	\$ 1,388.00	\$ 16,654.00	\$ 16,654.00
AAll (benefits	\$ 667.00	\$ 8,000.00	\$ 8,000.00
Office equipment	\$ 3,700.00		
Office supplies	\$ 150.00	\$ 300.00	\$ 300.00
Promo/record items		\$ 8,000.00	\$ 3,000.00
Permit system Programming	\$ 8,000.00		
Processing/delivery Fees		\$ 262,500.00	\$ 262,500.00
EST TOTAL	\$ 13,905.00	\$ 295,454.00	\$ 290,454.00

The Nebraska Department of Agriculture had previously estimated that there were some 150 meat processors in the state that were licensed as "custom exempt plants" that may process deer. Assuming 100 meat processors would be willing to participate, promotional items, posters, flyers, donation forms, record keeping forms etc would need to be produced and delivered to those locations. An estimated \$8,000 would be needed the first year with annual replacement/replenishment of approximately \$3,000 annually to cover supplying all of the meat processors.

Assuming that the meat would be processed in the least expensive fashion (i.e. ground), based on known rates

of \$65 to \$85 per deer currently being paid in the state, for illustrative purposes a cost of \$75/deer will be used to calculate costs of "fair market price". Iowa currently pays \$70-75/deer. A recent survey of deer hunters indicated that some 23,000 currently share their deer meat. No breakdown was provided as to who it was given to or whether or not it was a whole deer or portion thereof. Iowa's program gets approximately 7,000 deer donated annually. Assuming we would receive at least half of what Iowa experiences, some 3,500 deer could

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be donated annually. The legislation provides no special provision for delivery of the processed meat so it will be assumed that recipients will pick up the meat at the processors location and no additional expenses will be incurred. Using the \$75/deer processing fee a cost of \$262,500 could be incurred annually. *With the available funds being the limiting factor, it would likely reduce the number of deer to about 960 (105,000 revenue – admin expenses 1st full year 32,954 = 72,046/75/deer).

Revenues anticipated from the voluntary designation of a portion of the deer permit fee(s) from deer hunters is hard to predict. For illustrative purposes, it will be assumed that 75% of permit purchasers would designate at least \$1.00 to be credited to the program fund. Based on 2011 deer permit sales of approximately 140,000, some \$105,000 could be raised. The money would be collected beginning in July (buy period) and run into the following January (late season). The timing of revenue collection and subsequent expenditures could be a challenge from both a cash flow perspective as well as entering/fulfilling contractual obligations for deer processing if no additional supplemental donations were received.

It should also be noted that those willing to donate money would not necessarily represent those that would be willing/able to donate a deer. Harvest success will be the major determining factor influencing deer donations.

An A bill is requested. Some costs will be incurred during the current FY (see previous table) and prior to the primary funding source (i.e. hunter designated donations) revenues being fully realized. Unless initial supplemental donations are received, **General Funds would need to be appropriated to fund these startup costs (all of the FY11-12 expenses plus a portion of FY12-13), since the purposes of the Program do not fit within current cash fund purposes authorized by statute. It will be assumed that enough supplemental donations will be received to cover startup costs. Program implementation would be dependent upon the receipt of initial supplemental donations to meet startup costs.

Cash funds would cover the processing/deliver expenses to the extent they would materialize. Since the language of the bill limits actual costs to the funds available in the Hunters Helping the Hungry Cash Fund, the cost of processing would be the limiting factor as to the number of participants and deer processed. Under the current assumptions, the number of deer that could be processed would be much less than the 3,500 estimated. Program size/scope would be limited by the revenues generated, thus projected costs would have to be reduced accordingly.

Costs of the program are intended to be limited to the amount of revenue deposited into the Hunters Helping the Hungry Cash Fund. Since the amount of revenue is unknown, the expenditure figures, in terms of processing payments is based on projected participation IF funding were not limited to ensure adequate spending authority were authorized. With a presumed desire to maximize program benefits, some mechanism for adjusting the authority level or setting a modest starting level (as suggested) would be requested.